

**Minutes Of The Board Of Trustees
City Of Cincinnati
Retirement System
April 1, 2004**

The Chairperson called the meeting to order at 1:30 p.m. with the following members present:

V. Daniel Radford, Chairperson
Charlie Luken, Mayor
William Moller, Secretary
Joe Harrison
Ely Ryder
Edwin Volpe
John Bowling
Michael Rachford
Elliott Ruther, Proxy for John Cranley

Members Absent

Valerie Lemmie, City Manager
Brian Pickering

Mr. Radford called for a motion to approve the minutes of the March 4, 2004 Board Meeting. Mr. Ryder requested the minutes be changed to reflect the correct time of adjournment of 2:30 p.m. The Chairman noted the correction to be made. The motion was made by Mr. Harrison seconded by Mr. Bowling and carried by the Board. The minutes were approved as prepared by the Secretary.

BENEFITS COMMITTEE

Mr. Harrison reported that the Benefits Committee met on March 25, 2004 at 1:30 p.m. in Committee Room B.

Mr. Harrison gave the following report.

1. Application for Ordinary Retirement April 1, 2004: Total – 9

No.	NAME	DEPARTMENT
35738	Julius Bray	Public Services
36616	Camramon Greer	Water Works
37826	David Smith	Fire
38729	Ronald DiMuzio	Fire
40382	James Cooper	MSD
40463	John Lipps	University of Cincinnati
40593	Phyllis Morris	Water Works
40597	Deborah Dickey	Buildings & Inspections
40630	Regina Hutchinson	University Hospital

2. Application for Retired Members Deaths: Total – 14

3. Application for Deferred Retirement: Total - 1

NO.	NAME	DEPARTMENT
51523	Glenda Barkalow	Health

Mr. Harrison addressed the Board with issues on Disability Retirement for Thomas Tenkotte. There was a lengthy discussion regarding this applicant, particularly the findings from the Return to Work Program to which Mr. Tenkotte was referred to for an evaluation. Mr. Moller moved that Board recommend a second opinion be afforded to Mr. Tenkotte before a final determination can be made. Mr. Moller indicated that information would be available for the next meeting. After further discussion on this subject, Mr. Moller amended the motion to state: The Board recommends that Mr. Tenkotte be re-evaluated by another physician and that the Chairman and the Secretary would contact Human Resources to see if Mr. Tenkotte can be placed in a temporary position. The motion was seconded by Mr. Harrison and carried by the Board. The Board had a brief discussion of the definition of disability, which the Board agreed by consensus to discuss in the future.

Mr. Harrison moved that the Board accept the report of the Benefits Committee. The motion was seconded by Mr. Rachford and carried by the Board.

INVESTMENT COMMITTEE

Mr. Moller reported that the Committee met with Mr. Rob Stricker (Portfolio Manager) and Ms. Kim Hekking (Client Service and Marketing) from Shenkman Capital Management. Shenkman Capital was hired in 2000 as the fund's high yield fixed income manager.

Mr. Moller reported that Shenkman's inception-to-date performance (6/1/2000 through 12/31/2003) has been slightly better than their style benchmark. Although they have only out-performed their index by a small margin, Mr. Moller commented that the Investment Committee has been pleased with Shenkman's performance particularly prior to 2003. Shenkman's conservative investment style had resulted in consistent out-performance of their benchmark. Mr. Moller explained that in 2003, the lower quality bonds led the

strong performance in the high yield market. Shenkman's performance trailed the benchmark by a wide margin in 2003, because they could not purchase low quality bonds according to our investment guidelines.

Mr. Moller also reported that the Investment Committee reviewed two requests from Shenkman for permission to hold two securities that have recently been downgraded to C ratings. Mr. Moller stated that it has been the policy of the Committee not to automatically require the sale of downgraded securities, but rather to allow the managers to use their own discretion as to whether or not the securities should be sold, and if they are sold, the appropriate time to make the sale. The Committee agreed that they should continue to follow this policy and allow Shenkman to hold the securities until they determine the securities should be sold.

SECRETARY'S REPORT

Mr. Moller reported that for the first two months of 2004, the asset level of the fund had increased by 2.24%, and the actual asset allocation at the end of March for each asset class was in-line with the target asset allocation.

The Secretary submitted the following report:

1. Resolution for Enrollment of New Members – Total: 41
2. Resolution for Return of Contributions & Death Benefits– Total: 13
Amount: \$180,710.04
3. Resolution for Loans to Members – Total: 51 - Amount: \$474,654.52
4. Report on Deaths of Pensioned Members – Total: 19
5. Report on Military Service Credit prior to Membership – Total: 4

The Secretary submitted the following vouchers for payment:

PAYEE	AMOUNT
ABS Business Products Inc. – Monthly Rental Base rate for copier	\$238.50
City of Cincinnati – Communications Technology Services	\$363.81
Mercer Human Resource Consulting – Professional Services Rendered	\$16,573.00
Parman Group Inc.- Vocational Review for Disability Applicants	\$2,152.00
City of Cincinnati Printing Services – Billing for Printing & Postage for February 2004	\$6,879.70
All Star Personnel Inc. – Temporary Personnel Services	\$214.71
Wyoming Travel – Reimbursement for Conference Expenses for Joe Harrison	\$490.30
Dell Inc. – Payment for Computer Software for the Retirement System	\$20,288.80
Parman Group Inc. – Vocational Review for Disability Applicants	\$2,152.00
The Bank of New York – Custodial fees from 10/01/03-12/31/03	\$25,492.67
All Star Personnel Inc. – Temporary Personnel Services	404.16
Mercer Human Resource Consulting – Professional Services Rendered	\$16,205.00
Mercer Human Resource Consulting – Professional Services Rendered	\$989.00
Mae Consulting Inc. – Professional Services Rendered	\$3,320.00

GE Pension Consulting Alliance Inc. – Services Rendered for Asset Allocation Study	\$50,000.00
Mercer Human Resource Consulting – Professional Services Rendered	\$34,634.00
Paul T. Hogya MD – Billing for Disability Applicants	\$425.00
Business Information Solutions Inc. – Storage of CRS files	\$51.48
All Star Personnel Inc. – Temporary Personnel Services	\$429.42
City of Cincinnati Accounts & Audits – Charges for Medical Insurance for 1 st Quarter 2004	\$13,105.04

The Secretary reported that at the close of business March 31, 2004, there was in the Treasury to the credit of the Retirement System the amount of \$9,155,978.81.

Asset Valuation:

- December 31, 2003: \$2.29 billion
- February 29, 2004: \$2.34 billion
- YTD Increase (Decrease): 2.24%

Current Asset Allocation: (Policy Objective)

- Domestic Equity: 52.3% (50%)
- International: 13.6% (13.5%)
- Fixed Income: 33.2% (33.5%)
- Alternative Assets/Treasury Cash: 0.9% (3%)

PENDING BUSINESS

Mr. Radford informed The Board of his request to Mr. Gary Dickson of Mercer, to provide options for CRS to assure the plan's financial stability in the future. The Retirement staff reported that Mr. Dickson will be at the May meeting to present the annual valuation report for the Retirement System and the options.

Mr. Radford indicated that Mr. Pickering's motion made at the March meeting will be held until the next Board meeting.

NEW BUSINESS

Mr. Ryder requested that the Retirement staff review the status of every disability retiree. He suggested they review tax returns to determine if they are still eligible for disability retirement under the current code, particularly for members with fewer than 15 years of service.

Mr. Radford requested staff to obtain policies from other systems on their procedures for disability retirement applicants.

Mr. Harrison, Chairman of the Election Committee, reminded Board Members of the upcoming election of a Trustee on June 3, 2004.

ADJOURNMENT

Upon request of the Chairman's motion to adjourn, the motion was made by Mr. Bowling, seconded by Mr. Moller and carried by the Board. The meeting adjourned at 2:25 p.m.